



NEOGEN
CHEMICALS LTD.

Expanding Capabilities
Exploring
New Horizons

**Q1 FY25
Earnings Presentation**

August 2024

Safe Harbour



Certain statements in this document may be forward-looking statements. Such forward looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Neogen Chemicals Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



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Introduction to Neogen Chemicals

Neogen Chemicals – At a Glance



246	4 Manufacturing Sites + 2 R&D Facilities	9%	ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018	760.3	24%	11%
Products developed by in-house R&D	Infrastructure	Of workforce in R&D team	Manufacturing units certified on Quality & SHE management systems	Net worth - FY24 (Rs. crore)	5-year Revenue CAGR	5-year PAT CAGR

Leading manufacturer of Bromine and Lithium-based specialty chemicals, operating since 1991 – Over 30 Years of Strong History

Largest Importer of Lithium Carbonate & Lithium Hydroxide for last 3 decades – Strong Relationship with Global Leading Lithium Miners & Processors

Customers across multiple industries including Pharma, Engineering, Battery Chemicals and Agrochem

Growing contribution from Custom Synthesis and Contract Manufacturing

Promoters are technocrats with substantial domain expertise; cumulative experience of more than six decades



Evolution of Neogen Chemicals



1970's to 1991 Pre-Neogen

- Mr. HT Kanani graduated as a Chemical Engineer and started his association with Bromine chemistry in the early 1970s
- Set up one of India's first Bromine plants using indigenous technology at Gujarat
 - Plant was later destroyed in 1970s due to flooding in Morbi
 - Mr. Kanani worked as a consultant for setting up Bromine and other manufacturing units till 1984 to recover these losses
- In 1985, started manufacturing Bromine derivatives from a 600 sq. ft. plant to start making n-propyl bromide and lithium bromide

1991 to 2016 – Site I

- 'Neogen Chemicals' commenced business operations in 1991, at Mahape, Navi Mumbai manufacturing a few Bromine Compounds and Lithium Compounds
- Set up dedicated R&D and hired first PhD scientist in 2001
- Capacity expansions at Mahape plant took place in 2000, 2007 and 2012
- Dr. Harin (now MD) re-joined Neogen Chemicals in 2008 after pursuing his PhD in Chemical Engineering from University of Maryland, USA

2016 to 2019 – Site I & II

- Acquired Solaris ChemTech Industries' Bromine derivatives plant at Vadodara in 2016 via slump sale
 - Included ~157,827 sq. meters of land, plant and machinery, ~50 trained manpower and several technologies developed in-house
- Turnover more than doubled in two years, to Rs. 240 crore in FY19

2020 to 2024 – Multiple Sites

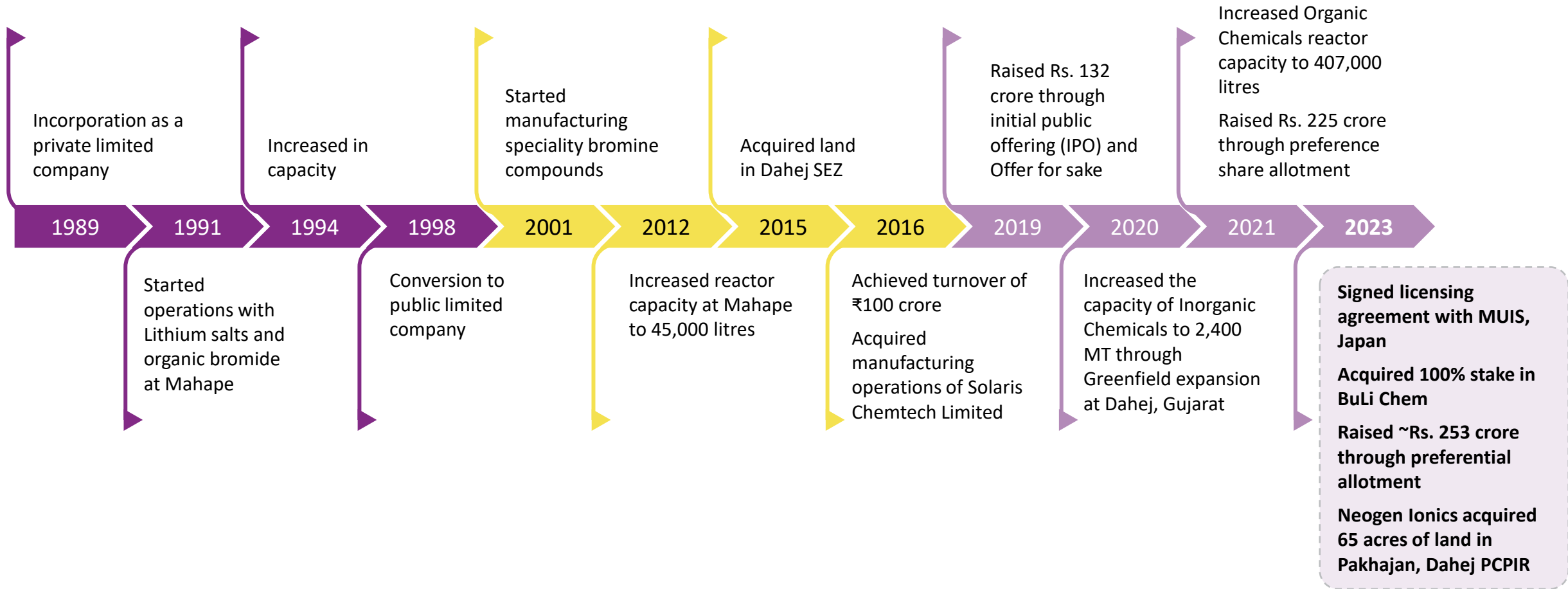
- Doubled Inorganic Chemicals capacity from 1,200 MT to 2,400 MT
- Signed agreement with MUIS, Japan to acquire manufacturing technology license for electrolytes in India
- Acquired 100% stake in BuLi Chem to offer organolithium products
- Raised ~Rs. 253 crore through preferential allotment
- Neogen Ionics acquired 65 acres of land in Pakhajan, Dahej PCPIR, for dedicated Battery Materials project
- Neogen Ionics commences sales of Lithium Salts and Electrolytes from Dahej SEZ plant



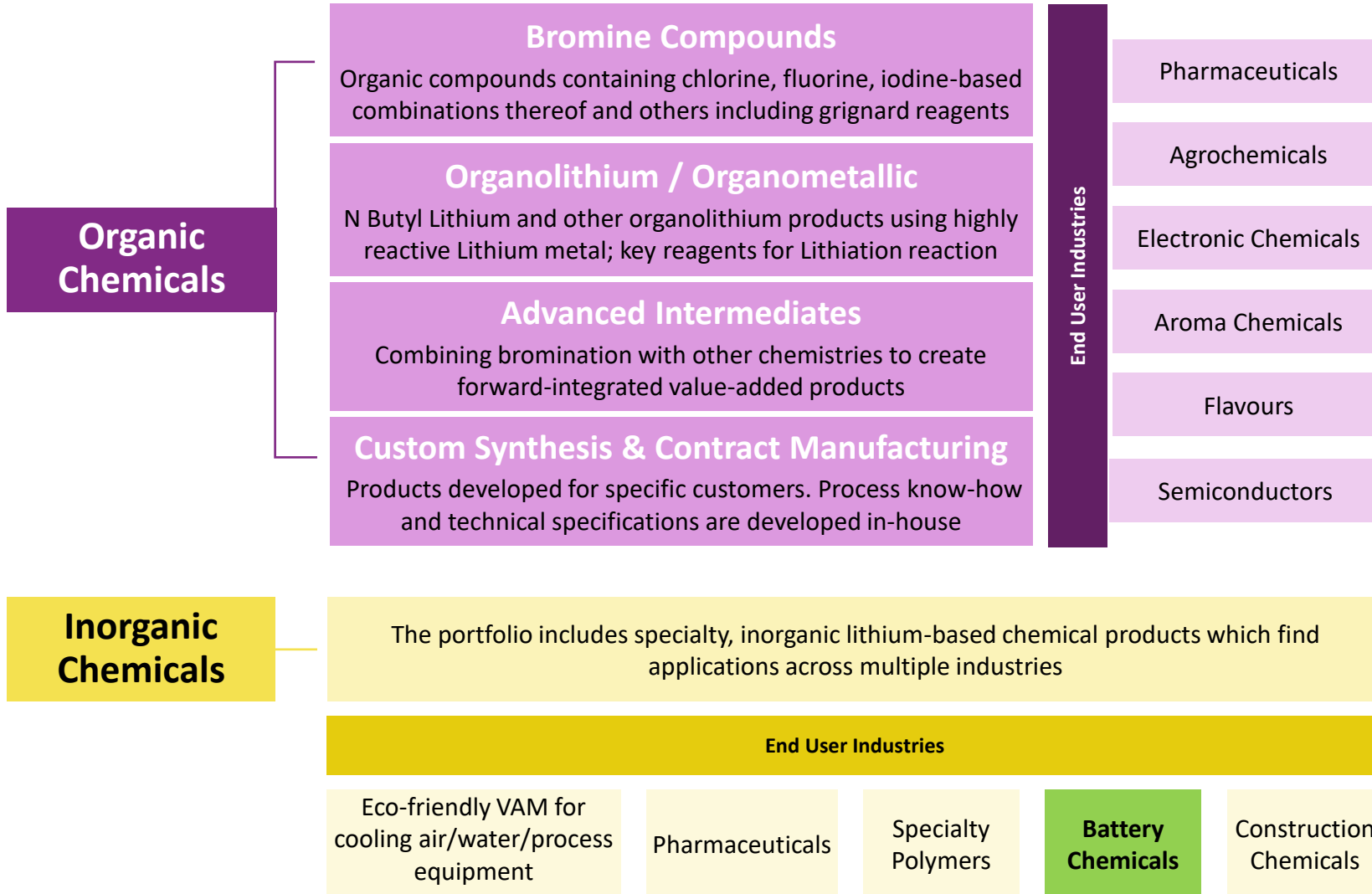
Key Milestones



Leading manufacturer of Bromine and Lithium-based specialty chemicals since 1989



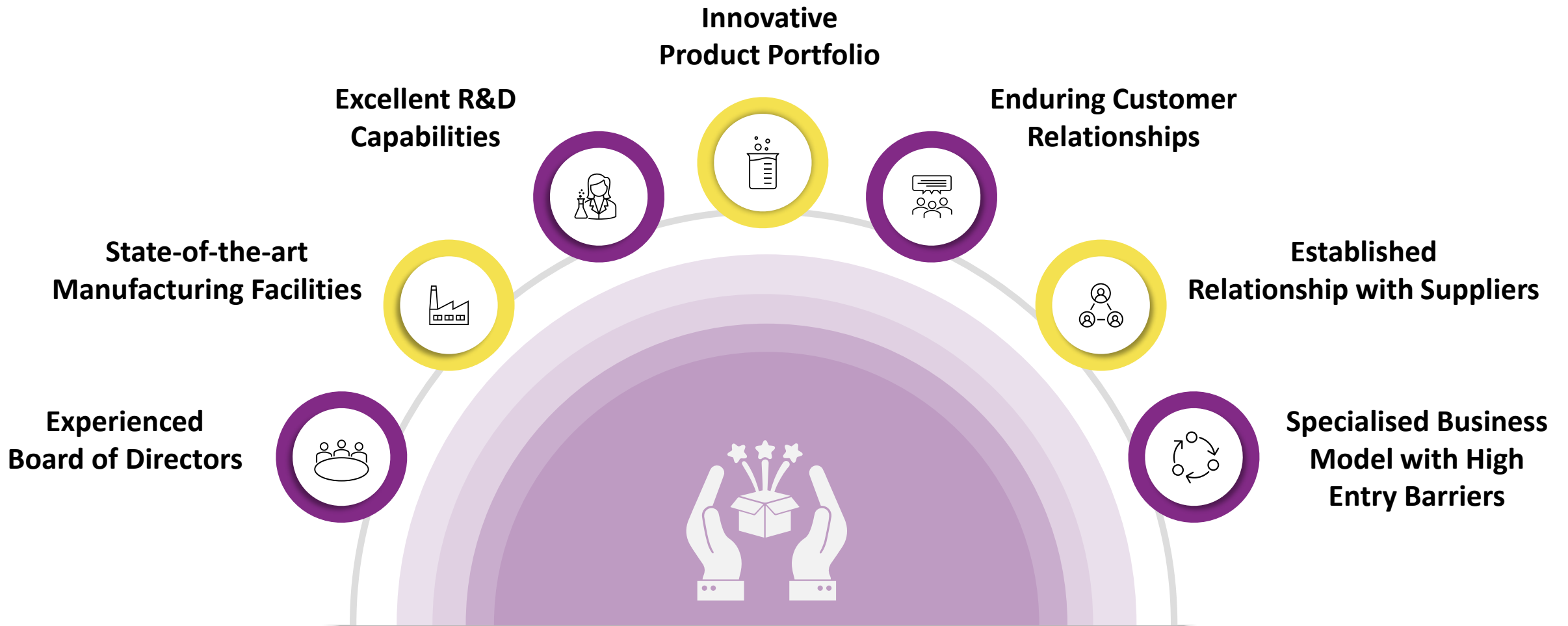
Business Overview



Select Clientele



Compelling value-proposition



Experienced Leadership Team



**Mr. Haridas Kanani,
B.TECH (CHEM) M.I.I.Ch.E.
Chairman & Managing Director**

- Holds a bachelor's degree in chemical engineering from the Indian Institute of Technology (IIT), Bombay
- Set up one of India's first Bromine plants using indigenous technology at Gujarat which was later destroyed due to a flood
- Subsequently, set up the firm Chem Ocean Consultant which provided consultancy, technology and engineering technologies to set up Bromine plants for other companies
- Then later established NCL in 1989 and has been on the Board since then
- Has previously worked with Excel Industries Ltd. In 1968-1970
- Oversees the manufacturing, research and development and general operation and management of the Company's manufacturing units



**Dr. Harin Kanani, PhD
Managing Director**

- Holds a bachelor's degree in chemical engineering from IIT, Bombay and a Master's degree and a doctorate in chemical engineering from the University of Maryland
- Served as a research fellow at the University of Maryland, where he has published 4 first author manuscripts in the field of chemical engineering
- Presented various talks and presentations at national and international conferences
- Also participated in the Small and Medium Enterprises Programme from IIM Ahmedabad
- Joined NCL in 2008 and is on the Board since 2017
- Has previously worked with companies such as Asian Paints India Ltd. and as a senior research scientist at Pioneer Hi-Bred International Inc. (DuPont Subsidiary) in the United States
- Heads various business divisions of the Company including research and development, business development, quality control, purchase, marketing and finance

Mr. Anurag Surana, Non-Executive Director

- Holds a bachelor's degree in commerce with Honours from the University of Delhi
- Experience of more than 20 years in Contract Manufacturing business
- A well-known personality in the Agrochemical and specialty chemical industry in India, Europe and Japan

Mr. Shyamsunder Upadhyay, Whole time Director

- Holds a master's degree in science from Vikram University, Ujjain
- 41 years of work experience in the field of chemicals
- Oversees maintenance, projects, logistics, administration and engineering store in the company

Mr. Ketan Vyas, Chief Financial Officer

- Fellow member of the Institute of Chartered Accountants of India, MBA and completed Project Management Professional Certificate from (PMI) USA
- 22 years of work experience in the field of Finance & Accounts, Taxation/ International Taxation across industries, Corporate Banking, Audits, Corporate & Commercial laws and other Regulatory and Statutory compliances

Mr. TCN Sai Krishna, Executive Director

- Holds MBA degree with Chemical engineering
- 33 years of experience in Manufacturing, Projects, Procurement & Supply Chain with specialty chemicals, petrochemicals, paints, inks & FMCG industries

Mr. B P Pant, Senior Vice President

- Holds M Sc degree in Organic Chemistry from the Department of Chemistry at Pune University
- Over 2 decades of extensive work experience in the chemical industry, with focus on business development

Mr. Kirit Chauhan, Senior Vice President – HR

- Holds a degree in M.L.W., PGDHRM with a focus on Labour Laws from South Gujarat University
- Extensive experience in human resources and administration



Large Manufacturing Infrastructure – Neogen Chemicals



Strong Manufacturing Infrastructure



Factory	Land Area	Land Utilisation	Capacity		Certifications of Manufacturing Facilities
			Organic Chemicals (Reactor capacity)	Inorganic Chemicals (Tonnage)	
Mahape (Since 1991)	4,045 m ²	100%	69 m ³	9 m ³	ISO 9001:2015 from Bureau Veritas Certification Holding SAS
Vadodara (Since 2017)	161,874 m ²	20%	111 m ³	-	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS
Dahej (Since 2020)	43,374 m ²	50%	258 m ³	30 m ³	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications from Bureau Veritas Certification Holding SAS. Also, GMP (Good Manufacturing Practices) certified by SGS
Hyderabad (May 2023)	16,187 m ²	50%	25 m ³	-	
Total	226,622 m²		463 m³	39 m³	

Quality Control and Quality Assurance



- Dedicated QC and QA team in place monitoring the entire manufacturing process at all stages right from initial testing stage to the final product
- Implemented current good manufacturing practice (cGMP) prescribed by the US FDA as applicable for intermediates

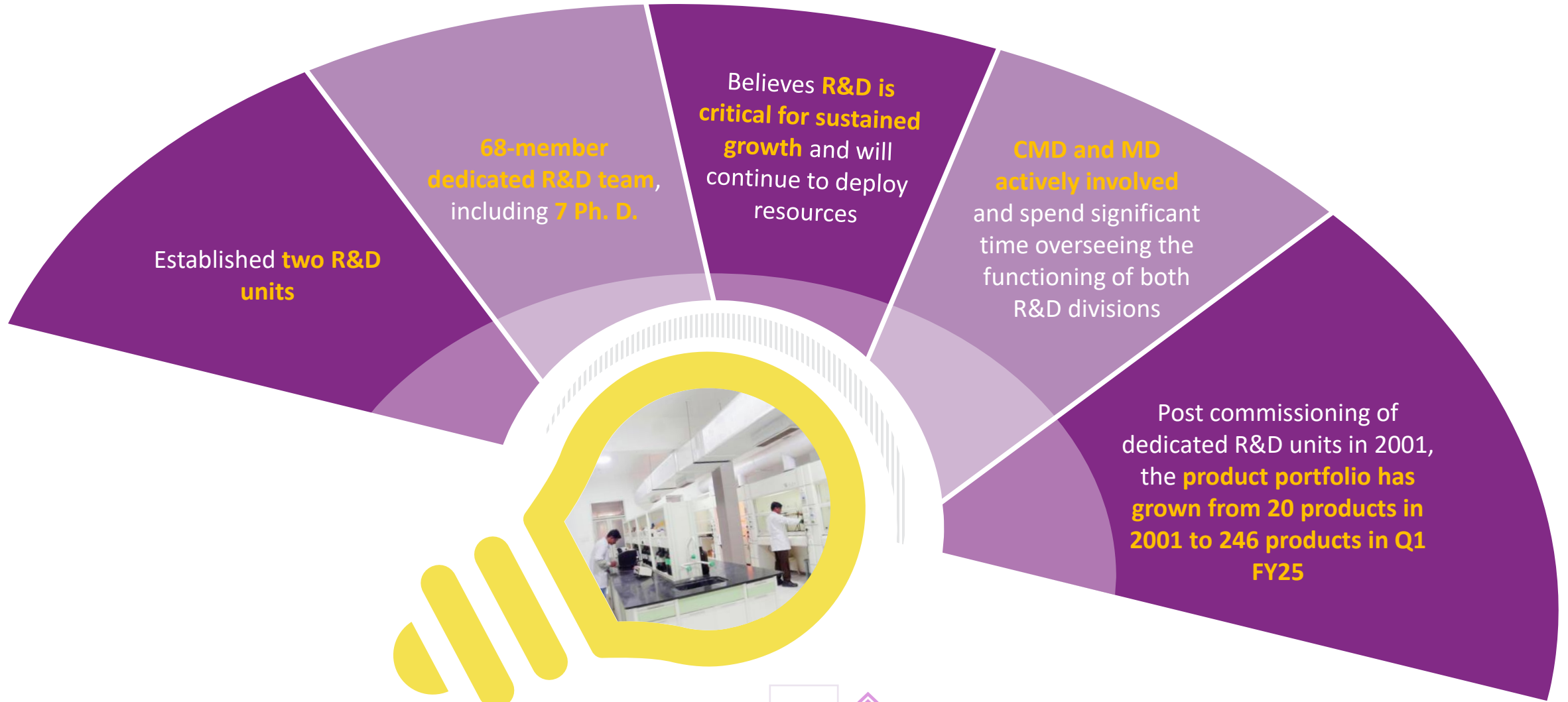
World-class operational practices



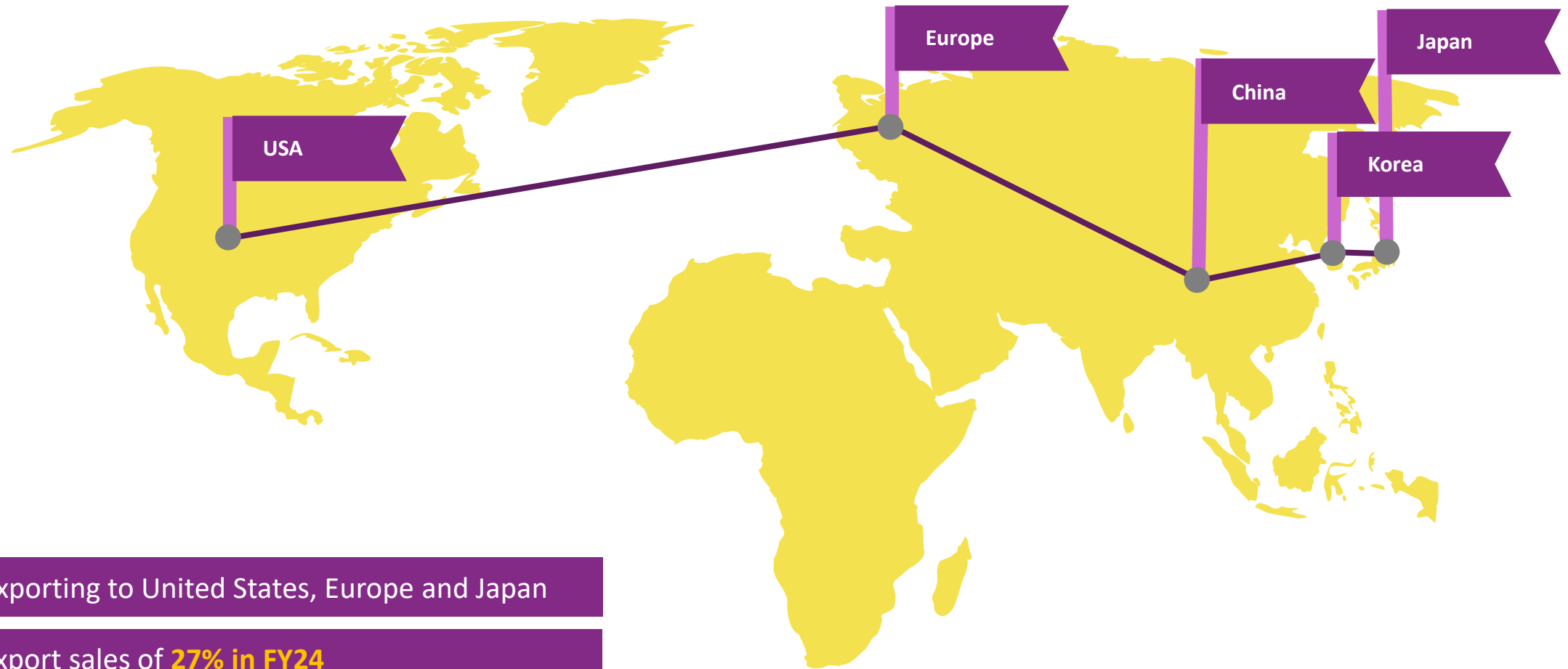
- Zero Liquid Discharge, significantly reducing water usage
- Focus on compliance with stringent quality and EHS norms



Developed strong R&D capabilities



Key Export Geographies



Exporting to United States, Europe and Japan

Export sales of **27% in FY24**





Update on Expansion Initiatives



Update on various expansion initiatives

Neogen Ionics Proposed Manufacturing Setup	<u>Manufacturing locations</u>	<u>Land Area</u>	<u>Year</u>	<u>Planned Capacities</u>	
				Electrolyte	Lithium Electrolyte Salts & Additives
	Dahej SEZ (transferred from Neogen Chemicals)	6,455 m²	FY24	-	400 MT
		FY25	2,000 MT	To be increased to 2,500 MT	
Pakhajan, Dahej PCPIR (New site)	264,285 m²	FY26	30,000 MT	3,000 MT	
Total	270,240 m²		32,000 MT	5,500 MT	

The aggregate CAPEX stands at Rs. 1,500 crore, with peak revenue potential ranging from Rs. 2,500 to Rs. 2,950 crore, depending on lithium prices.

Battery Chemicals Business

Details of expansion projects announced

Current project updates

Lithium Electrolyte Salts

New capacity of 400 MTPA for manufacturing Lithium Electrolyte Salts and additives

- 200 MTPA commissioned; first approval material shipped to the customers
- For remaining 200 MTPA, trial production has commenced

Electrolytes

Plant for manufacturing 2,000 MT of Electrolyte at Dahej facility

- 200 MT commissioned; trial supply from commercial plant given to 3 customers

Several domestic and international customers visited and approved the facility of Battery Materials; now awaiting approval of commercial products manufactured from the site.



Update on Battery Chemicals (Neogen Ionics)



- **Achieved financial closure for majority of CAPEX in Neogen Ionics**
 - To be funded mainly by project finance debt; long-term tenure of 10 years, includes a moratorium component
 - Construction work commenced at the greenfield facility; on track to hit commercial production in FY26, strategically aligned with upcoming Battery capacities in India
- **Discussing long term contracts with Battery manufacturers for Electrolyte supply**
 - Two large battery manufacturers expected to commence operations later this year; few more players to begin operations in the next 1-2 years
- **Strategic hirings in Battery Chemicals' division nearly complete**
 - ~70-80 employees dedicatedly working on executing the Battery chemicals project as well as ongoing production in phase 1
- **Strong demand for non-Chinese supply of Lithium Salts and Electrolyte continues; de-risking being the chief objective**
 - Both IRA (Inflation Reduction Act) and FCOC (Foreign Countries of Concern) in US to accelerate this momentum
 - Ongoing discussions/ MOUs/ pricing agreements entered into with international customers
- **Exemption of custom duties on critical minerals such as lithium aim to reduce battery costs**
 - Battery chemicals constitute ~35% of the cost of EV batteries; to help reduce the cost of EVs



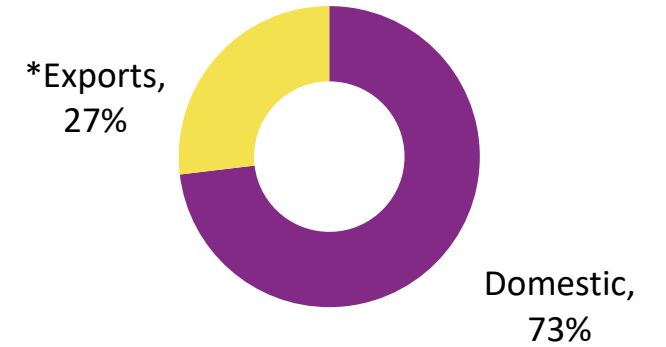
Q1 FY25 Financial Performance

Key Performance Highlights – Q1 FY25 (Consolidated & Standalone)

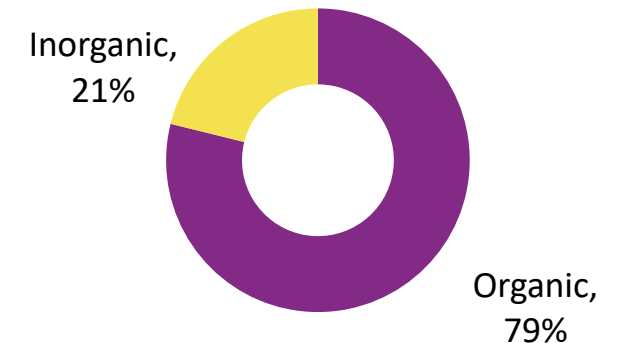


	Q1 FY25 (Consolidated)	Q1 FY25 (Standalone)
Revenues	Rs. 180.0 crore ↑ 9%	Rs. 166.7 crore ↓ 2%
EBITDA	Rs. 30.8 crore ↑ 10%	Rs. 28.4 crore ↓ 4%
Profit Before Tax	Rs. 15.8 crore ↑ 16%	Rs. 16.6 crore ↑ 5%
Profit After Tax	Rs. 11.5 crore ↑ 18%	Rs. 12.4 crore ↑ 9%

Q1 FY25 Revenue break-up**



*Including deemed exports



**Consolidated figures

Note: 1. Growth for Q1 FY25 is compared to Q1 FY24
2. EBITDA excluding other income



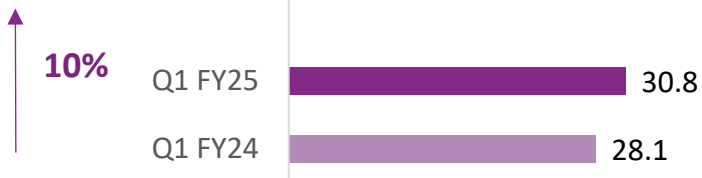
Financial Summary – Q1 FY25



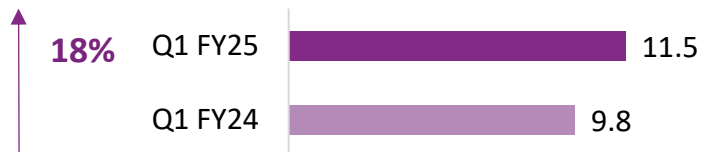
REVENUE



EBITDA



PAT



- **Strong revenue performance despite challenging operating scenario. Volume-led growth driven by higher contribution from non-agchem linked products amid weak pricing.** Expect global agchem recovery in the later half of this fiscal year
- **Robust performance in BuLi Chem** supported by demand recovery for key products catering specific applications
- **Neogen Ionics contributed to incremental growth** through commercial sales of Lithium Salts and trial quantities of Electrolytes

- **EBITDA improved despite higher employee costs and other expenses**, in-line with capacity build up initiatives in Neogen Ionics
 - **Margins maintained at 17.1%** led by operational efficiencies, even as pricing pressures continued across key products

- **PAT performance reflects the strong operating trend, further boosted by lower tax rate;** depreciation and interest expenses are expected to rise with accelerated CAPEX trajectory in Battery Chemicals



Revenue break-up – Q1 FY25

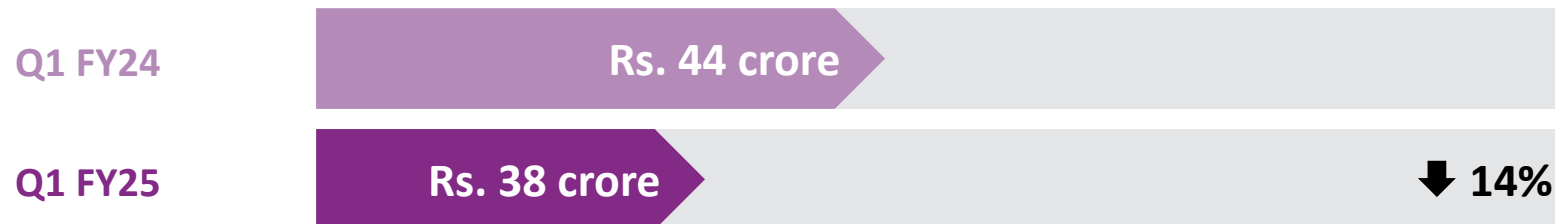


Organic Chemicals



Bromine prices declined on Y-o-Y basis. Adjusting for this fall in RM prices, the Organic revenue would have been higher by Rs. 14 crore in Q1 FY25

Inorganic Chemicals



Inorganic revenues would have been higher by Rs. 27 crore, but for the steep decline in the prices of Lithium raw material during the period under review



Financial Table – Profit & Loss Statement (Consolidated)



Particulars (Rs. In crore)	Q1 FY25	Q1 FY24	Growth (%)
Revenue	180.0	164.9	9%
Expenditure	149.2	136.8	9%
EBITDA	30.8	28.1	10%
EBITDA Margins	17.1%	17.0%	+10 bps
Depreciation	6.8	5.5	24%
EBIT (inc. Other Income)	25.6	24.4	5%
Interest	9.8	10.8	-9%
Other Income	1.6	1.8	-12%
Profit Before Tax (including share of profit)	15.8	13.6	16%
PBT Margins	8.8%	8.3%	+50 bps
Tax Expense	4.3	3.9	11%
Profit After Tax	11.5	9.8	18%
PAT Margins	6.4%	5.9%	+50 bps
Earnings Per Share (Rs.)	4.35	3.92	11%



Financial Table – Profit & Loss Statement (Standalone)



Particulars (Rs. In crore)	Q1 FY25	Q1 FY24	Growth (%)
Revenue	166.7	170.1	-2%
Expenditure	138.4	140.7	-2%
EBITDA	28.4	29.5	-4%
EBITDA Margins	17.0%	17.3%	-30 bps
Depreciation	5.7	4.9	15%
EBIT (inc. Other Income)	25.6	26.4	-3%
Interest	9.0	10.6	-15%
Other Income	2.9	1.8	59%
Profit Before Tax	16.6	15.8	5%
PBT Margins	10.0%	9.3%	+70 bps
Tax Expense	4.2	4.3	-3%
Profit After Tax	12.4	11.4	9%
PAT Margins	7.5%	6.7%	+70 bps
Earnings Per Share (Rs.)	4.71	4.58	3%



Seasonal Variance Factors



- Neogen's business has some seasonal drivers, due to which the company tends to deliver stronger financial performance in the second half of the financial year (October to March). Seasonal variance is driven by strong demand from Europe as orders tend to scale up in October-November and further accelerate from January after the holiday season
- Demand for Lithium-based chemicals tends to be strong in Q4 as demand from the HVAC segment, a key usage area, is linked to capital expenditure that enjoys 100% depreciation benefits for air-conditioning/cooling machines
- Demand from the agrochemicals segment is linked to the crop cycle and is stronger during H2
- Consequently, investors are urged to compare financial performance of each quarter only with that of the corresponding quarter previous year to evaluate business progress on a like-to-like basis



Management Commentary



Commenting on the Q1 FY25 performance, Mr. Haridas Kanani, Chairman & Managing Director, at Neogen Chemicals said:

“We are pleased to report 9% revenue growth and 18% PAT improvement this quarter. This was driven by gradual demand recovery with better volumes amid soft pricing. Effective supply chain management amidst logistical challenges has strengthened customer relationships. Both BuLi Chem and Neogen Ionics contributed positively to the overall consolidated performance.

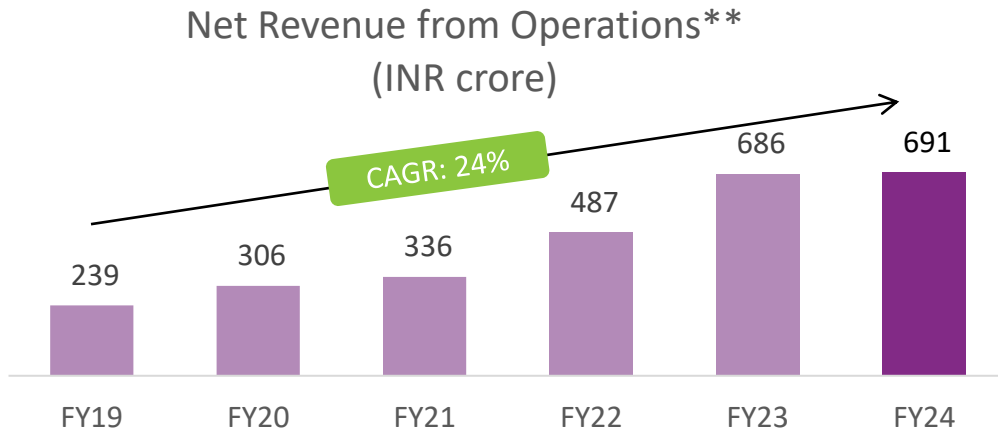
Our growth initiatives are on track, with initial capacities for Lithium Electrolyte Salts and Electrolytes now operational. We are shipping Lithium Salts to global customers commercially, while Electrolytes are in trial production with commercial quantities aligned with upcoming cell production capacities in India. These efforts provide valuable market insights for our upcoming greenfield plant using MUIS technology, where construction has commenced. I am glad to share that we are one of the first companies in India whose Electrolyte supplied from the commercial plant is meeting global standards. We are proud to support India’s efforts for self-reliance in Lithium-ion battery manufacturing.

To mitigate current agchem market challenges in the existing business, we are looking at non-agchem opportunities until the global agchem market recovers and remain confident of achieving Rs. 900-1,000 crore in revenues in FY26 based on anticipated recovery in the later half of this financial year.

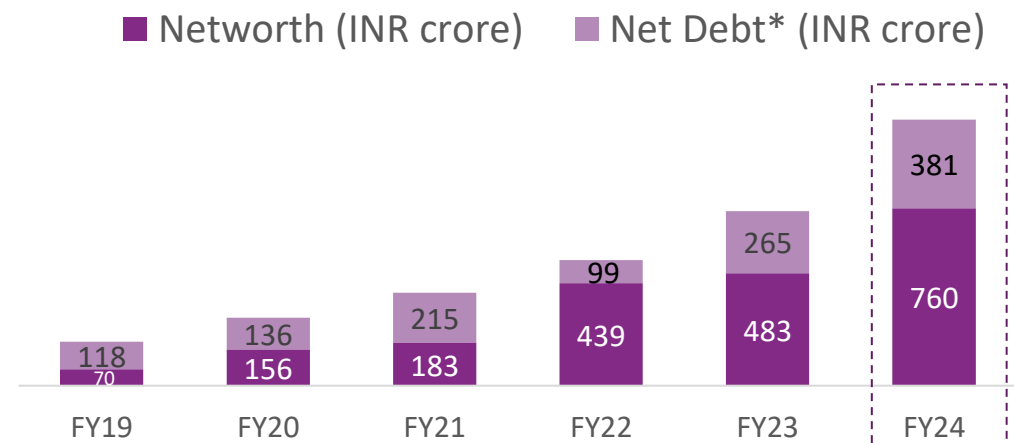
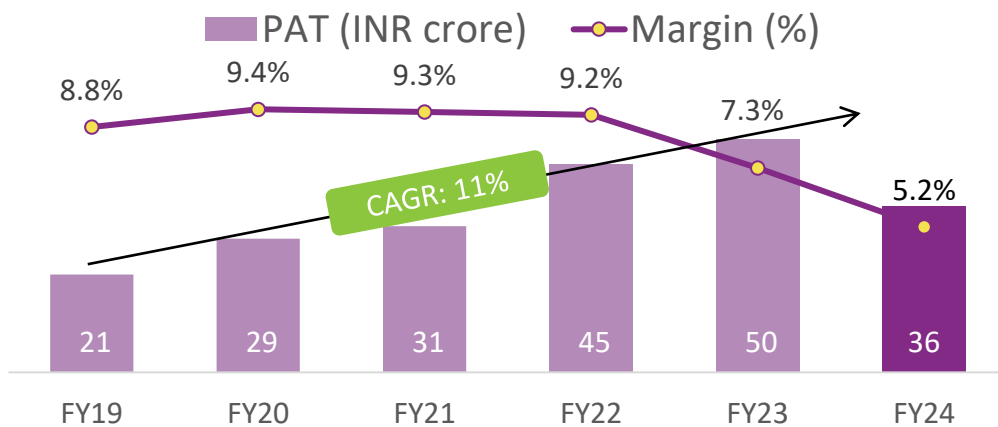
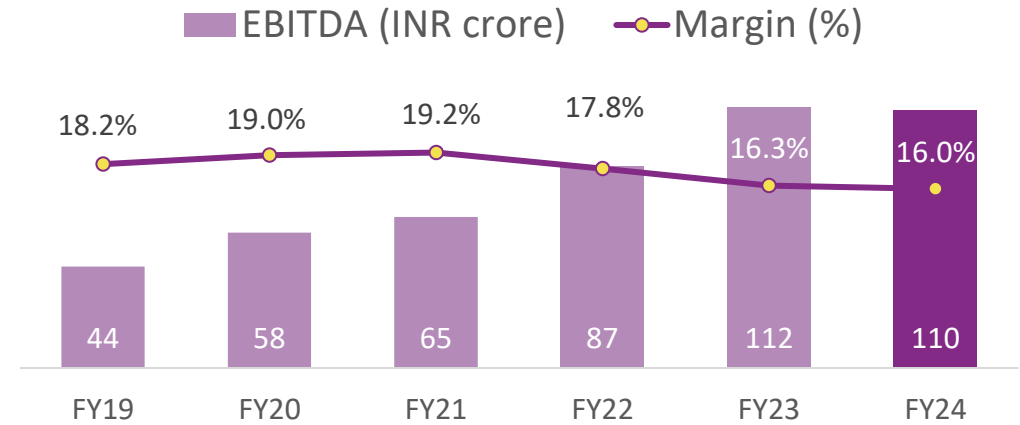
We are steadily recovering from the ongoing macro challenges and anticipate stronger growth going ahead. Notwithstanding the current operating environment, we believe that Indian chemical industry is on the cusp of exponential growth in the long run. Neogen Chemicals will pursue all avenues to outperform and create enduring value for its stakeholders.”



Historical Financial Trends



** Revenue is Net of Excise





Industry Overview: Lithium-Ion Batteries

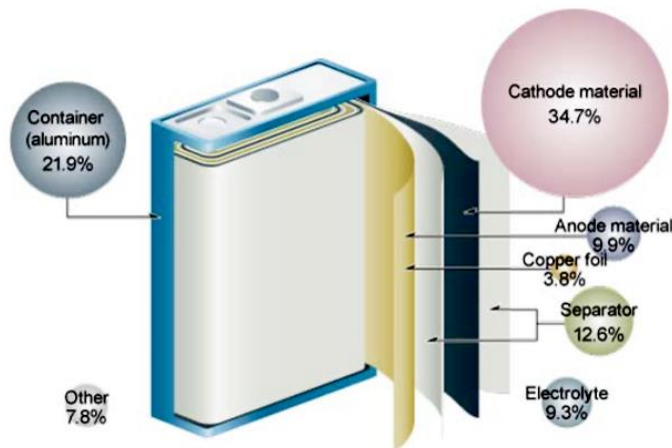


Strong Opportunities in India's Lithium Battery sector

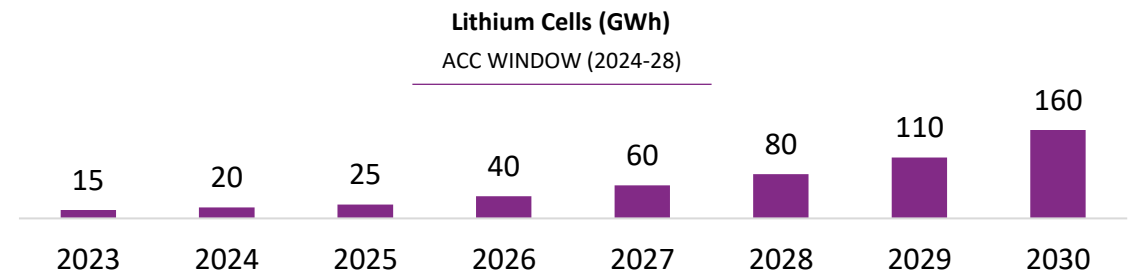
- Government's PLI scheme for batteries is expected to catalyse the growth of India's EV ecosystem
 - Target Incentive Outlay of Rs. 18,100 crore
 - Manufacturing capacity of 50 Gwh of ACC
 - 60% of Battery Material to be Indigenous
- Commercial production of battery cells under the PLI is anticipated to begin soon
- Direct investment of around Rs. 45,000 crore in ACC Battery storage manufacturing projects
- Govt. has begun re-auction of 10 GWh tranche of ACC battery PLI scheme, and more participants are bidding
- In addition, 7-8 Non-PLI beneficiaries have announced significant battery capacities over the next 3 years

Lithium-ion battery (3.7v)

Approximate Cost Component Break up*



Demand Estimates for the Indian Market



Source: India Energy Storage Alliance

This will translate into Electrolyte demand of **>150,000 MT** by 2030 as per Company estimates. Based on this, Lithium Electrolyte Salt demand will be **15,000 to 22,500 MT** given that Electrolyte comprises of 10% to 15% of Lithium Electrolyte Salts

*Based on literature as an example, actual % will vary



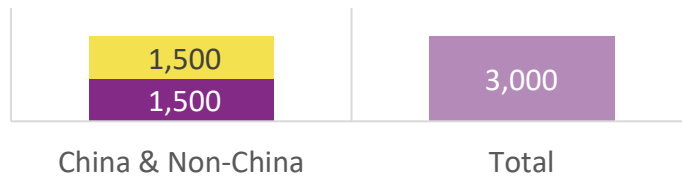
Strong Opportunities in Global Lithium Battery sector



Demand Estimates for the Global Market (By 2030)

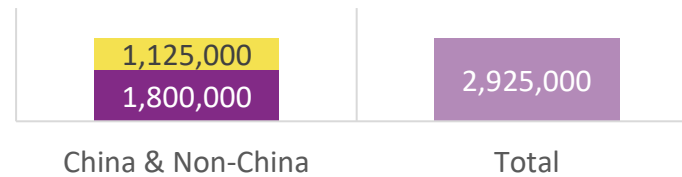
Estimated Battery requirement (GWh)

■ China ■ Non-China



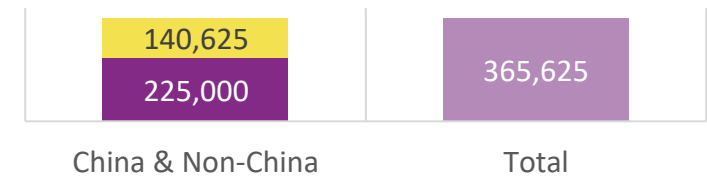
Estimated Electrolyte demand (MT)

■ China ■ Non-China



Estimated Lithium Salt demand (MT)

■ China ■ Non-China

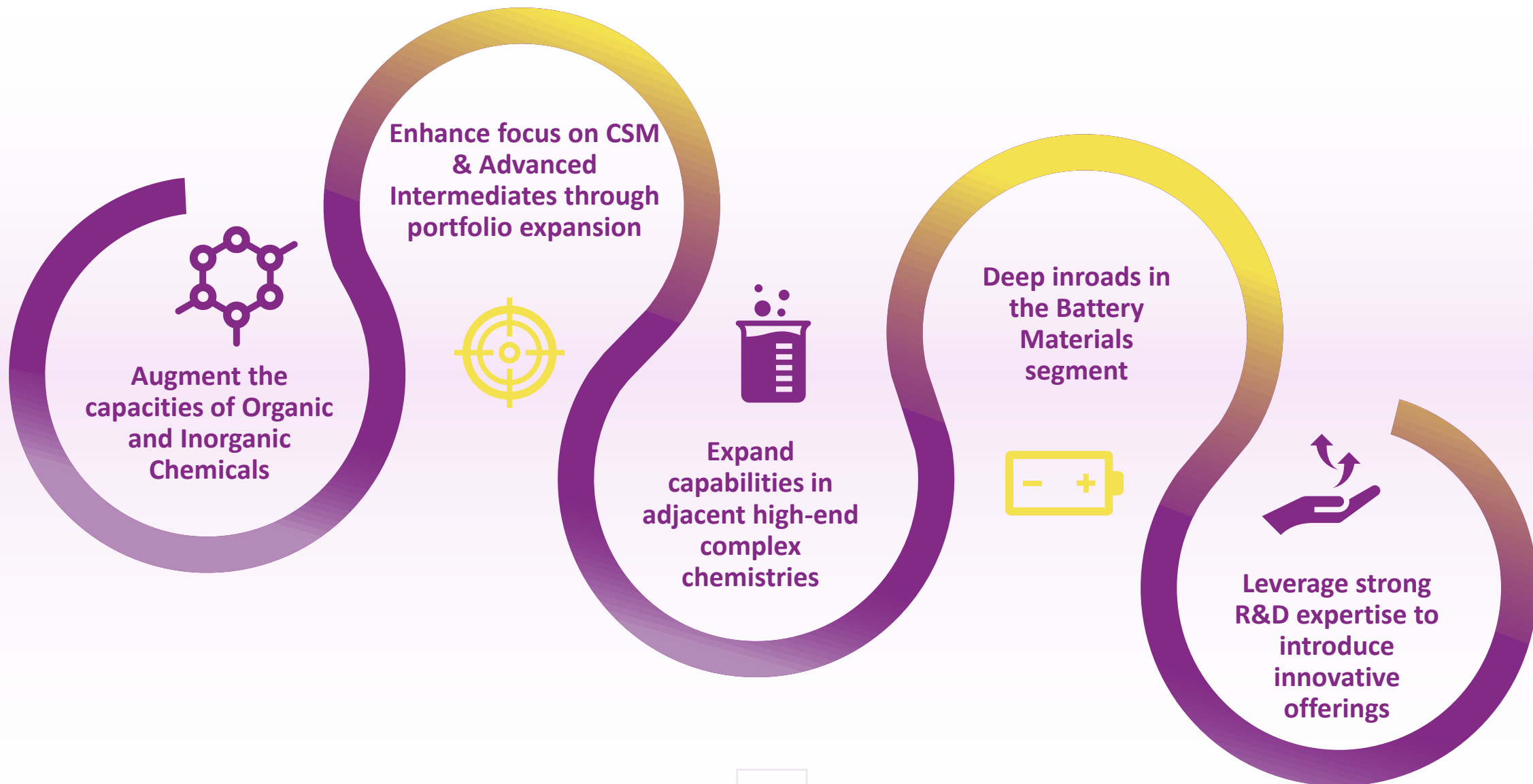


Source: Company Estimates

- **Inflation Reduction Act (IRA)** expected to be implemented by 2025 in US, will necessitate the shift of critical materials required to manufacture EVs away from China, and will thereby, help other countries (including India) to gain access to the US market
- Demand for non-Chinese Electrolyte and Lithium Salts is projected to increase substantially by 2030
- Manufacturing of Lithium-Ion battery cells ramping up in India. Project implementation by major battery manufacturers on schedule. This will support demand for Electrolyte and in-house consumption of Lithium Salts



Way Forward



CSR Initiatives



Focus areas in CSR



Healthcare,
sanitation and
nutrition



Rural
development



Conservation and
management of
natural resources



Education



Environment
sustainability



Contact Us



About Neogen Chemicals Limited

Incorporated in 1989, Neogen Chemicals Ltd. (NSE Code: NEOGEN; BSE Code: 542665) is India's one of the leading manufacturers of Bromine-based and Lithium-based specialty chemicals. Its specialty chemicals product offerings comprises of Organic as well as Inorganic chemicals. Its products are used in pharmaceutical and agrochemical intermediates, engineering fluids, electronic chemicals, polymer additives, water treatment, construction chemicals, and aroma chemicals, flavours and fragrances, specialty polymers, Chemicals and Vapour Absorption Chillers – original-equipment manufacturers and with new upcoming usage in lithium-ion battery materials for energy storage and Electric Vehicles (EV) application. Over the years, Neogen has expanded its range of products and at present, manufactures an extensive range of specialty chemicals which find application across various industries in India and the world. It has a product portfolio of over 246 products.

In addition to manufacturing specialty chemicals, Neogen also undertakes custom synthesis and contract manufacturing where the product is developed and customised primarily for a specific customer, but process know-how and technical specifications are developed in-house.

The Company has recently announced plans to utilise its three decades of experience in Lithium Chemistry to manufacture Lithium-Ion battery materials with an initial investment plan of manufacturing electrolytes and Lithium electrolyte salts.

The Company operates out of its three manufacturing facilities located in Mahape, Navi Mumbai in Maharashtra and, Dahej SEZ, Bharuch as well as Karakhadi, Vadodara in Gujarat. In May 2023, the Company acquired 100% stake in BuLi Chem, which operates out of one manufacturing unit located in Hyderabad and has now become a wholly owned subsidiary of Neogen Chemicals Limited.

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Thank You